

Assembly Bill No. 2297

CHAPTER 884

An act to amend Sections 11664 and 11750 of the Insurance Code, relating to workers' compensation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2000. Filed
with Secretary of State September 29, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2297, Calderon. Insurance: workers' compensation: renewal notice.

Existing law requires a notice of nonrenewal at least 30 days, but not more than 120 days, in advance of the end of the policy period of a policy of workers' compensation except for 6 specified situations, including when the insurer has made a written offer to the insured to renew the policy at a premium rate increase of less than 25%. Existing law does not define the term "premium rate."

This bill would require an insurer, if the premium rate charged on a workers' compensation policy is to be increased by 25% or more, to provide the policyholder with written notice of a renewal offer not less than 30 days before the policy renewal date. The bill would define the term "premium rate" for purposes of the renewal notification requirements.

Existing law provides for an advisory organization, as defined, to provide the Insurance Commissioner with advisory pure premium rates for workers' compensation insurance and for employers liability insurance incidental thereto and written in connection therewith.

This bill would require that within 60 days of receiving an advisory pure premium rate filing the Insurance Commissioner hold a public hearing, and within 30 days of its conclusion, approve, disapprove, or modify the proposed rate.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 11664 of the Insurance Code is amended to read:

11664. (a) This section applies only to policies of workers' compensation insurance.

(b) A notice of nonrenewal shall be in writing and shall be delivered or mailed to the producer of record and to the named insured at the mailing address shown on the policy. Subdivision (a)

of Section 1013 of the Code of Civil Procedure shall be applicable if the notice is mailed.

(c) An insurer, at least 30 days, but not more than 120 days, in advance of the end of the policy period, shall give notice of nonrenewal, and the reasons for the nonrenewal, if the insurer intends not to renew the policy.

(d) If an insurer fails to give timely notice required by subdivision (c), the policy of insurance shall be continued, with no change in its premium rate, for a period of 60 days after the insurer gives the notice.

(e) A notice of nonrenewal shall not be required in any of the following situations:

(1) The transfer of, or renewal of, a policy without a change in its terms or conditions or the rate on which the premium is based between insurers that are members of the same insurance group.

(2) The policy has been extended for 90 days or less, if the notice required in subdivision (c) has been given prior to the extension.

(3) The named insured has obtained replacement coverage or has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

(4) The policy is for a period of no more than 60 days and the insured is notified at the time of issuance that it may not be renewed.

(5) The named insured requests a change in the terms or conditions or risks covered by the policy within 60 days prior to the end of the policy period.

(6) The insurer has made a written offer to the insured to renew the policy at a premium rate increase of less than 25 percent.

(A) If the premium rate in the governing classification for the insured is to be increased 25 percent or greater and the insurer intends to renew the policy, the insurer shall provide a written notice of a renewal offer not less than 30 days prior to the policy renewal date. The governing classification shall be determined by the rules and regulations established in accordance with subdivision (c) of Section 11750.3.

(B) For purposes of this section, “premium rate” means the cost of insurance per unit of exposure prior to the application of individual risk variations based on loss or expense considerations such as scheduled rating and experience rating.

(f) After an insured has received a notice of nonrenewal, upon receiving a written request from the insured or the agent or broker of record on the nonrenewed policy, an insurer shall provide a premium and loss history report for the account’s tenure or the past three years, whichever is shorter, plus loss experience during the current policy year, within 10 business days of receiving the request.

SEC. 2. Section 11750 of the Insurance Code is amended to read:

11750. (a) The purpose of this article is to promote the public welfare by regulating concert of action between insurers in

collecting and tabulating rating information and other data that may be helpful in the making of adequate pure premium rates for workers' compensation insurance and for employers liability insurance incidental thereto and written in connection therewith for all admitted insurers and in submitting them to the commissioner for approval; to authorize and regulate the existence and cooperation of qualified rating organizations to one of which each workers' compensation insurer shall belong; to authorize and regulate cooperation between insurers, rating organizations and advisory organizations in ratemaking and other related matters to the end that the purposes of this chapter may be complied with and carried into effect.

(b) Notwithstanding any other provision of law, within 60 days of receiving an advisory pure premium rate filing made pursuant to subdivision (b) of Section 11750.3, the Insurance Commissioner shall hold a public hearing, and within 30 days of the conclusion of the hearing, approve, disapprove, or modify the proposed rate.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that employers begin to receive clear notification as soon as possible on whether their workers' compensation insurance rates are being increased or their policies are being canceled, it is necessary for this act to take effect immediately.

